



# Retiree News

## Summer 2011

### Retirement Board

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**James Green,**  
Vice Chair

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**Chris Collins**

**Bart Mangino**

**Rusty McAllister**

**David Olsen**

**Katherine Ong**

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Executive Officer

**Tina M. Leiss**  
Operations Officer

**Ken Lambert**  
Investment Officer

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## PERS Generates Best Fiscal Year Return in 25 Years

The investment markets were very strong in fiscal year 2011 as stocks continued their bull market run. This enabled PERS to generate a 21.0% return for the year, which is the best single year return since 1986. The fund's long term (28 year) average annual return is now 9.6%.

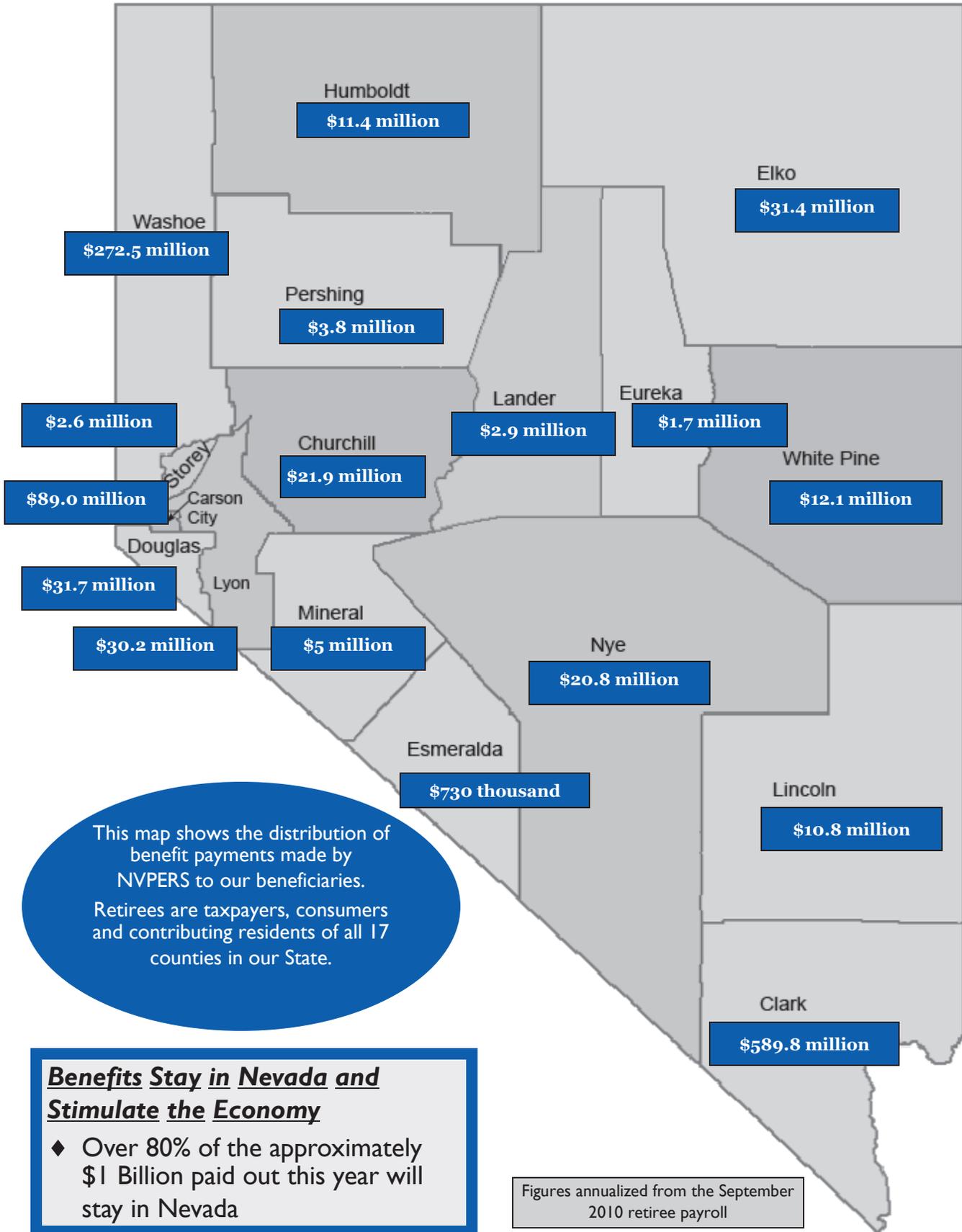
PERS ended the fiscal year with \$25.2 billion in assets. This is a \$4.3 billion increase in the last twelve months, and a \$9.5 billion increase from the March 2009 stock market lows.

Through one of the most volatile investment markets in history the fund has generated better returns than its peers with less risk. For the last 4 years (encompassing the recent bear market and recovery), PERS' risk adjusted return ranks in the top 32% of large public pension funds. Since inception, PERS ranks in the top 21% in terms of risk/return efficiency.

Asset allocation strategy and the Retirement Board's disciplined rebalancing process have been the key drivers of the recent strong returns. However, for certain portions of the fund the Board also employs active investment managers who attempt to add value over the market indices. These firms have also done well. For this fiscal year, PERS' eleven active managers rank in the top 27% of their peers in terms of performance. For the last three years the managers rank in the top 23%, and for the last five years, the top 25%.

Disciplined implementation of the Board's conservative, common sense investment strategy continues to be the most important factor in PERS' strong returns and competitive rankings. In an era where many pension funds are attempting to develop "innovative" risk management programs in response to the last financial crisis, the Board continues to rely on time tested investment principles that deliver better results with less complexity and cost.

# NVPERS' Contributes to the Nevada Economy



# Post Retirement Increases

Once you have been retired for three full years, you are entitled to an annual post retirement increase. The increase will be effective in the month following the month of your retirement. For example, if you retired January 3, 2010, your first increase will be effective in February 2013.

The percentage of increase you receive is based on the number of years you have been retired.

First, second and third years of retirement:	None
Fourth, fifth and sixth years of retirement:	2.00% per year
Seventh, eighth and ninth years of retirement:	3.00% per year
Tenth, eleventh, and twelfth years of retirement:	3.50% per year
Thirteenth and fourteenth years of retirement:	4.00% per year
Fifteenth year of retirement and thereafter:	5.00% per year

Post retirement increases are sometimes lower than the percentages listed above. If your benefit has increased greater than or equal to the rate of inflation, due to post retirement increases you received over the course of your retirement, your yearly increase will be reduced or capped.

Post retirement increases are in place to ensure that your benefit has an opportunity to maintain the level of purchasing power in place at the time you retired. The purpose of the cap is to ensure that your purchasing power does not increase above this level.

The cap is based on the Consumer Price Index (All Items) average for the last three years. The CPI cap is recalculated every twelve months and the rate is in effect for a one year period. A larger population of PERS retirees have experienced the cap on their yearly increases due to the low rate of inflation and higher post retirement increase percentages available to our longer term retirees.

## RETIREMENT BOARD APPOINTMENTS

PERS is pleased to welcome Katherine Ong and Rusty McAllister to the Retirement Board. Both members were appointed by Governor Sandoval in July 2011, replacing George Stevens and Charles Silvestri.

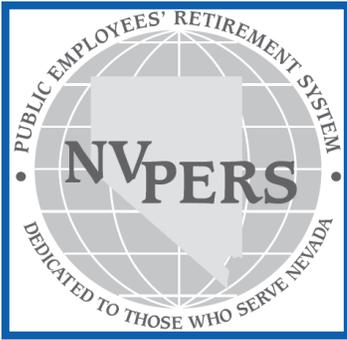
Katherine Ong retired from Clark County, Nevada where she was employed as the Budget Manager. She is the co-founder of Hobbs, Ong & Assoc., Inc., a financial consulting group specializing in municipal bond financing, and financial problem solving.

Rusty McAllister has served on the Police and Firefighters' Retirement Fund Advisory Committee since 1999.

Mr. McAllister has worked for the City of Las Vegas Fire Dept. for the last 27 years and is currently employed as a Fire Captain.

PERS would like to thank George Stevens and Charles Silvestri for their dedicated service to PERS as Board members.

For a complete biography of all of the Retirement Board Members, please visit our website: [www.nvpers.org](http://www.nvpers.org).



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## Legislative Final Report

There were many bills submitted during the 2011 Legislative Session that may have affected PERS and the benefits we provide, however, none were passed with the exception of Assembly Bill 405.

This bill authorized a study to be conducted by the Interim Retirement and Benefits Committee (IRBC) of the Legislature. The study will be focused on alternative ways for providing retirement benefits to public employees, to include defined contributions plans, as well as a review of retirement and disability benefits under Social Security, and a review of monitoring and recovery of losses caused by fraud in the stock markets.

IRBC will use the PERS independent actuary to perform the actuarial analysis needed for the study. The Nevada Constitution requires the use of the independent actuary employed by PERS to ensure the insulation of the retirement future of the Nevada public workforce from any political pressures.

The Legislature appropriated \$250,000 from the state general fund to conduct the study as long as matching funds are provided through private gifts, donations and grants. The study cannot start until the matching funds are received by the IRBC, however, if this occurs, the results are scheduled to be delivered to the Legislative Commission who will submit the report at the 2013 Legislative session.

This publication is intended to provide general information. If there is any conflict between this information and Nevada laws or PERS' policies, the laws and policies will supersede this information. *Retiree News* is a quarterly newsletter for retirees and benefit recipients of the Public Employees' Retirement System of Nevada. Comments or suggestions may be directed to: PERS, Newsletter, 693 W. Nye Lane, Carson City, Nevada 89703